

BACKGROUND INFORMATION

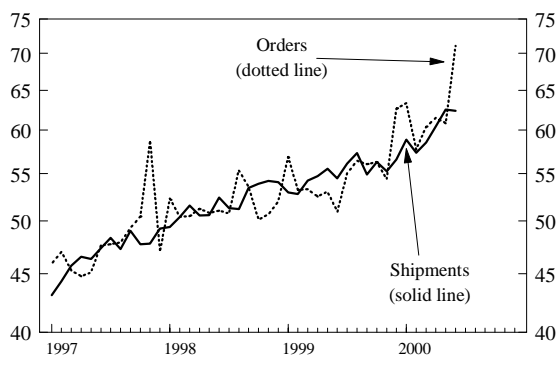
Manufacturers' Durable Goods Shipments and Orders in June

(Released by the Census Bureau at 8:30 a.m.)

The Report

- New orders for manufacturers' durable goods surged 10.0 percent in June. The advance was the largest monthly gain since July 1991 and followed a large 7.0-percent increase in May. Private-sector analysts had expected a small decline in June.
- The June advance reflected a large rise in orders for transportation equipment. Orders for civilian aircraft surged 83 percent to their second highest level on record. Excluding transportation equipment, orders rose a moderate 0.8 percent.
- Shipments of nondefense capital goods (an indicator of business investment in equipment) jumped 26-percent at an annual rate in second quarter. This advance partly reflected a recovery in aircraft shipments following the end of the Boeing strike. Even excluding the aircraft component, however, shipments of nondefense capital goods grew at a robust 18-percent rate. These data indicate that business purchases of equipment grew strongly in the second quarter.

Orders and Shipments of Nondefense Capital Goods
Billions of dollars



- Shipments of non-capital goods rose 3.3 percent at an annual rate in the second quarter after rising 8.7 percent in the first quarter. Total shipments (capital and non-capital goods) rose almost 10 percent at an annual rate in the second quarter.

The Near-Term Outlook

- Orders for durable goods can be very volatile on a monthly basis. However, today's figures suggest that manufacturing activity is growing at a solid pace, boosted by strong gains in output of business equipment.